

(NORTH AMERICA.)
(No. 10.)

DESPATCH

FROM

LORD LYONS .

RESPECTING THE

RECIPROCITY TREATY.

Presented to both Houses of Parliament by Command of Her Majesty.
1862.

LONDON:
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NORTH AMERICA

DISPATCH

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Despatch from Lord Lyons respecting the Reciprocity Treaty.

Lord Lyons to Earl Russell.—(Received March 15.)

(Extract.)

Washington, February 28, 1862.

I HAVE the honour to inclose a copy of the Report of the Committee of the House of Representatives on the Reciprocity Treaty.

Inclosure.

HOUSE OF REPRESENTATIVES.

37th Congress, 2nd Session.]

[Report No. 22.

Reciprocity Treaty with Great Britain.

MR. WARD, from the Committee on Commerce, made the following Report:—

The Committee on Commerce, to whom were referred the concurrent Resolutions of the Legislature of the State of New York in relation to the Treaty between the United States and Great Britain, commonly known as the "Reciprocity Treaty," report as follows:—

The subject of our commercial relations with the British provinces and possessions demands the most close investigation, not only as regards the population and territory of these dominions, but also because the principles and plans necessary to a mutually satisfactory solution of our existing difficulties with them, may have an important influence on the future policy of the United States, and form the basis for a system of interchange with other nations upon this continent.

The State of New York having a larger extent of co-terminous frontier with the most populous portion of Canada—the most important of all the provinces—than is possessed by any other State in the Union, her people would naturally be the first to reap the benefits of free intercourse with Canada, and the first to be injured by exclusive legislation on the part of that province. The subject being thus brought home to the people of New York, the following Resolutions were duly passed by the Legislature of that State, and have been referred to this Committee for consideration:—

Concurrent Resolutions of the Legislature of the State of New York in relation to the Treaty between the United States and Great Britain, commonly known as the Reciprocity Treaty.

"Whereas, under the Treaty made by the United States with Great Britain, on behalf of the British North American Colonies, for the purpose of extending reciprocal commerce, nearly all the articles which Canada has to sell are admitted into the United States free of duty, while heavy duties are now imposed upon many of those articles which the United States have to sell, with the intention of excluding the United States from the Canadian markets, as avowed by the Minister of Finance and other gentlemen holding high official positions in Canada; and similar legislation, with the same official avowal, has been adopted by the imposition of discriminating tolls and duties in favour of an isolating and exclusive policy against our merchants and forwarders, meant and intending to destroy the natural effects of the Treaty, and contrary to its spirit; and whereas we believe that free commercial intercourse between the United States and the British North American Provinces and Possessions, developing the natural, geographical, and other advantages of each, for the good of all, is conducive to the present interest of each, and is the only proper basis of our intercourse for all time to come; and whereas the President of the United States, in the first session of the thirty-sixth Congress, caused to be submitted to the House of Representatives an official Report, setting forth the gross inequality and injustice existing in our present intercourse with Canada, subversive

of the true intent of the Treaty, owing to the subsequent legislation of Canada; and whereas the first effects of a system of retaliation or reprisal would injure that portion of Canada known as the Upper Province, whose people have never failed in their efforts to secure a permanent and just policy for their own country and ourselves, in accordance with the desire officially expressed by Lord Napier when British Minister at Washington, for the 'confirmation and expansion of free commercial relations between the United States and British Provinces:' Therefore—

"Resolved. That the Senators and Representatives in Congress for the State of New York are requested to take such steps, either by the appointment of Commissioners to confer with persons properly appointed on behalf of Canada, or by such other means as may seem most expedient, to protect the interests of the United States from the said unequal and unjust system of commerce now existing, and to regulate the commerce and navigation between 'Her Majesty's Possessions in North America and United States in such manner as to render the same reciprocally beneficial and satisfactory,' as was intended and expressed by the Treaty. And

"Resolved. That the foregoing preamble and Resolutions be transmitted to our Senators and Representatives in Congress, with a request that they be presented to both Houses thereof."

The chief points for consideration are the extent, population, position, and resources of the British North American Provinces and Possessions; the present co-called "Reciprocity Treaty;" the existing condition of our commercial and fiscal relations with Canada, and the line of policy most conducive to the interest and welfare of both countries; the tendencies of modern inventions and civilization on the intercourse of nations, including the leading principles of the German Commercial Union or *Zollverein*, and their applicability to the United States and the co-terminous or adjacent British Provinces and Possessions; the mutual relations of Great Britain and Canada, and the Colonies, so far as they affect the United States; and a method of negotiation for the removal of existing difficulties.

Extent, Character, Resources, &c., of the British North American Provinces and Possessions, and Climate of the Interior.

The great and practical value of the British North American Provinces and Possessions is seldom appreciated. Stretching from the Atlantic to the Pacific Ocean, they contain an area of at least 3,478,380 square miles—more than is owned by the United States, and not much less than the whole of Europe, with its family of nations. No small portion of these British territories consists of barren and inhospitable regions in the extreme north; but, as a recompense, the arid plains extending through Texas, and thence northward beyond the limits of the United States, are comparatively insignificant as they enter the British Possessions, where the Rocky Mountains are less elevated, and have a more narrow base. The isothermal line of 60° for summer rises on the interior plains of this continent as high as the sixty-first parallel, its average position in Europe; and a favourable comparison may also be traced for winter and the other seasons of the year. Spring opens almost simultaneously on the vast plains reaching from St. Paul's to the Mackenzie river—a distance northerly of about 1,200 miles. Westward from these regions—now scarcely inhabited, but of incalculable value in the future—are countries of yet milder climate, on the Pacific slope and in Vancouver's Island, whose relations to California are already important. On the eastward, but yet far distant from other abodes of civilization, are the small settlements enjoying the rich lands and pleasant climate of the Red River of the North, a stream capable of steamboat navigation for 400 miles.

It is asserted by those who add personal knowledge of the subject to scientific investigation, that the habitable but undeveloped area of the British possessions westerly from Lake Superior and Hudson's Bay comprises sufficient territory to make twenty-five States equal in size to Illinois. Bold as this assertion is, it meets with confirmation in the isothermal charts of Blodgett, the testimony of Richardson, Simpson, Mackenzie, the maps published by the Government of Canada, and the recent explorations of Professor Hind of Toronto.

North of a line drawn from the northern limit of Lake Superior to the coast at the southern limit of Labrador exists a vast region, possessing in its best parts a climate barely endurable, and reaching into the Arctic regions. This country, even more cold, desolate, and barren on the Atlantic coast than in the interior latitudes, becoming first known to travellers, has given character in public estimation to the whole north.

Another line, drawn from the northern limit of Minnesota to that of Maine, includes

nearly all the inhabited portion of Canada, a Province extending opposite the territory of Dakota and States of Minnesota, Wisconsin, Michigan, Ohio, Pennsylvania, New York, Vermont, New Hampshire, and Maine, possessing a climate identical with that of our Northern States.

The "Maritime Provinces" on the Atlantic coast include New Brunswick, Nova Scotia, Prince Edward's Island, and Newfoundland. Geographically they may be regarded as a north-easterly prolongation of the New England system. Unitedly they include an area of at least 80,000 square miles, and are capable of supporting a larger population than that at present existing in the United States or Great Britain. They are equal in extent to the united territory of Holland, Greece, Belgium, Portugal, and Switzerland.

New Brunswick is 190 miles in length and 150 in breadth. Its interests are inseparably connected with those of the adjacent State of Maine. It has an area of 22,000,000 acres, and a sea-coast 400 miles in extent and abounding in harbours. Its population some years ago numbered 210,000, whose chief occupations are connected with ship-building, the fisheries, and the timber trade. Commissioners appointed by the Government of Great Britain affirm that it is impossible to speak too highly of its climate, soil, and capabilities. Few countries are so well wooded and watered. On its unclaimed surface is an abundant stock of the finest timber; beneath are coal-fields. The rivers, lakes, and sea-coast abound with fish.

Nova Scotia, a long peninsula united to the American continent by an isthmus only fifteen miles wide, is 280 miles in length. The numerous indentations on its coast form harbours unsurpassed in any part of the world. Including Cape Breton, it has an area of 12,000,000 acres. Wheat and the usual cereals and fruits of the Northern States flourish in many parts of it. Its population in 1851 was declared by the Census to be 276,117. Besides possessing productive fisheries and agricultural resources it is rich in mineral wealth, having beneath its surface coal, iron, manganese, gypsum, and gold.

The Province of Prince Edward's Island is separated from New Brunswick and Nova Scotia by straits only nine miles in width. It is crescent-shaped, 130 miles in length, and at its broadest part is 34 miles wide. It is a level region, of a more moderate temperature than that of Lower Canada, and well adapted to agricultural purposes. Its population in 1848 was 62,678.

The Island of Newfoundland has a sea-coast 1,000 miles in extent. It has an area of 23,040,000 acres, of which only a small portion is cultivated. Its spring is late, its summer short, but the frost of winter is less severe than in many parts of our own Northern States and territories. It is only 1,665 miles distant from Ireland. It possesses a large trade with various countries, including Spain, Portugal, Italy, the West Indies, and the Brazils.

The chief wealth of Newfoundland and of the Labrador coast is to be found in their extensive and inexhaustible fisheries, in which the other Provinces also partake. The future products of these, when properly developed by human ingenuity and industry, defy human calculation. The Gulf Stream is met near the shores of Newfoundland by a current from the Polar basin, vast deposits are formed by the meeting of the opposing waters, the great submarine islands known as "The Banks" are formed, and the rich pastures created in Ireland by the warm and humid influences of the Gulf Stream are compensated by the "rich sea-pastures of Newfoundland." The fishes of warm or tropical waters, inferior in quality, and scarcely capable of preservation, cannot form an article of commerce like those produced in inexhaustible quantities in these cold and shallow seas. The abundance of these marine resources is unequalled in any other portion of the globe.

Canada, rather a nation than a province, in any common acceptation of the term, includes not less than 346,863 square miles of territory, independently of its North-Western Possessions not yet open for settlement. It is three times as large as Great Britain and Ireland, and more than three times as large as Prussia. It intervenes between the great North-West and the Maritime Provinces, and consists chiefly of a vast territorial projection in the territory of the United States, although it possesses a coast of nearly 1,000 miles on the River and Gulf of the St. Lawrence, where fisheries of cod, herring, mackerel, and salmon are carried on successfully. Valuable fisheries exist also in its lakes. It is rich in metallic ore and in the resources of its forests. Large portions of its territory are peculiarly favourable to the growth of wheat, barley, and the other cereals of the north. During the life of the present generation, or the last quarter of a century, its population has increased more than fourfold, or from 582,000 to 2,500,000.

The population of all the Provinces may be fairly estimated as numbering 3,500,000

Many of the inhabitants are of French extraction, and a few German settlements exist; but two-thirds of the people of the Provinces owe their origin either to the United States or to the British Islands, whose language we speak, and who "people the world with men industrious and free."

Natural Characteristics of Northern Nations, and the necessary Principle of our Policy.

The climate and soil of these Provinces and Possessions, seemingly less indulgent than those of tropical regions, are precisely those by which the skill, energy, and virtues of the human race are best developed. Nature there demands thought and labour from man, as conditions of his existence, but yields abundant rewards to wise industry. Those causes which, in our age of the world, determine the wealth of nations, are those which render man most active; and it cannot be too often or too closely remembered in discussing subjects so vast as these, where the human mind may be misled if it attempts to comprehend them in their boundless variety of detail, that sure and safe guides in the application of political economy, and to our own prosperity, are to be found in the simple principles of morality and justice, because they alone are true alike in minute and great affairs, at all times and in every place. They imply freedom for ourselves, and those rules of fraternity or equality which enjoin us to regard our neighbours as ourselves. We can trust in no other policy.

Principle of Reciprocity—its Necessity for the British Possessions, and Approval by American Statesmen.

While free access to the markets of the United States is mutually valuable to the Maritime Provinces and ourselves, by far the most extensive portions of the British Possessions is behind the territory of the United States, and, under an unwise and illiberal system, would be debarred from direct communication with the Atlantic Ocean and those Southern regions whence it must always derive many daily necessities of civilized life in exchange for the products of its own Northern industry. Let us not inquire curiously which of the two would render the most useful service to the other under a just system and perfect development of actual reciprocity. The various parts of the American continent, like those of the human body, are wonderfully adapted to each other. The different portions of the continent do not profitably admit of any commercial separation, and the principle of unrestricted commercial intercourse with the British North American Possessions has been approved alike by free-traders and Protectionists at all periods of our national existence.

Date of the Treaty, and Policy advised by Agents of the United States' Treasury.

With the intention of establishing a system thus mutually advantageous, a Treaty was made in 1854 by the United States with Great Britain on behalf of the Provinces of Canada, New Brunswick, Nova Scotia, Prince Edward's Island, and Newfoundland.

Various representations having been made as to the unfriendly, adverse, or restrictive legislation of Canada, the Hon. I. T. Hatch, of the State of New York, and James W. Taylor, of Minnesota, were appointed as Agents of the Treasury Department of the United States, to inquire into the operations of the Reciprocity Treaty. They reported the results of their investigations in 1860. Minor differences of opinion exist between the two Commissioners, but they fully agree as to the ultimate object of our national policy towards the Provinces, that of unrestricted commercial intercourse.

Comprehensive Statement by Mr. Hatch.

Mr. Hatch briefly sketches the chief causes of the uniformity of opinion among all political parties in this country, at all times, by the following comprehensive statement:—

"The territory of the Provinces is indented with our own along a line extending across the continent from ocean to ocean. The wages of labour (the great modern test of one phase of national equality) are nearly equal in both countries. The cost in the production of wheat and other cereals differs but little on both sides of the boundary line. Shown thus to be apparently commercially alike by these leading considerations, and minor parallels confirming the similitude, it is not singular that at various periods of our national existence the idea of reciprocity in trade between the two countries has received the favourable regard of eminent men."

Decided Opinion of Mr. Van Buren.

"The policy of the United States," wrote Mr. Van Buren, referring especially to the North American Colonies, to Mr. McLean, who was then our Minister at the Court of St. James, in 1829, during the Presidency of General Jackson, "in relation to their commercial intercourse with other nations, is founded on principles of perfect equality and reciprocity. By the adoption of these principles they have endeavoured to relieve themselves from the discussions, discontents, and embarrassments inseparable from the imposition of burdensome discriminations. These principles were avowed while they were yet struggling for their independence, are recorded in their first Treaty, and have been adhered to with the most scrupulous fidelity."

Mutual Advantages of a Home Market.

The considerations which have led many American statesmen to advocate a "protective" system, and establish "home markets," dictate the adoption of unrestricted intercourse with the Provinces. A "home market" is the market nearest home, and this is furnished by our respective possessions to each other at every point of our neighbouring or co-terminous territory.

Advantages of a Continental or American Policy appreciated by both Political Parties.

The recent increase of facilities for communications by canals, railroads, bridges, steamboats, and telegraphs, assisting the transfer of merchandise, the travel of passengers, and the free interchange of thought between the United States and the British Provinces, add to this policy a value which we cannot estimate too highly, and of which we cannot foresee the future greatness. Long before these additional considerations pressed upon public attention, and brought home a knowledge of our true continental policy to almost every inhabitant of our vast northern frontier by the common experience of his daily life, the exceptional character of our natural relations with the Provinces had been duly observed by those American Statesmen who have advocated a protective policy.

Opinions and Testimony of Henry Clay.

Among the foremost advocates of this system was Mr. Clay, who, in his letter dated October 11, 1826, to Mr. Vaughan, alike expressed his own convictions and added his valuable testimony to the uniformity of opinion among American Statesmen in his time, and of the policy by which this Government has always been guided. He said, in his letter to Mr. Vaughan dated October 11, 1826: "The Government of the United States has always been anxious that the trade between them and the British Colonies should be placed on a liberal and equitable basis. There has not been a moment since the adoption of the present Constitution when they have not been willing to apply to it principles of fair reciprocity and equal competition."

Unanimity of the Agents appointed by the Treasury of the United States.

Mr. Hatch maintains "that no commercial arrangement can be permanently advantageous to one party without being so to both; that the basis of virtual, if not of literal, reciprocity, is the only solid ground of international relations; and that the increased prosperity of one of the family of nations only offers an enlarged market for the industry, and an expanded field for the commerce, of every other;" and that with reciprocal free trade we should present to the world the "sublime example of two contiguous nations abandoning suspicion of injury from each other, and practising in their intercourse the best principles professed in modern civilization."

To these opinions Mr. Taylor gives a hearty assent, quoting, in his support, the opinions of various eminent Statesmen. He presents to the consideration of the Government of the United States the removal of all restrictions upon the commerce of these kindred communities, and brings forward a suggestion which has long engaged the attention of many intelligent men on both sides of the frontier—to extend the principle of reciprocity to manufactures as it now exists in raw or unmanufactured products, and "establish an American Zollverein, each country adopting the policy of unlimited free trade with the other."

Complete Reciprocity recommended by the Canadian Parliamentary Committee in 1858.

The same plan has, on more than one occasion, received the sanction of the Canadian Parliamentary Committee on Commerce. In 1858, taking cognizance, also, of the

restrictions checking the mutual intercourse of the different provinces, which have been aptly termed "countries foreign to each other without diplomatic relations," the same Committee advised the removal of all duties on the productions of the British Possessions in America, so that "precisely the same principle as exists in the intercourse between the different States of the American Union may be established in these Colonies," and also that "the principle of reciprocity with the United States may be extended to manufactures, the registration of Canadian and United States' built vessels, and to the shipping and coasting trade, in the same manner as to the productions of the soil."

In the Canadian Parliament a desire has frequently been expressed to do away with the four or five currencies, and the four or five different Tariffs, now existing in the Provinces, and to remove obstacles to trade with the United States, thereby mitigating many evils which are injurious to the national interests of the Provinces, and tend to dwarf the minds and patriotism of their people. It will be impossible to say how far these opinions prevail in Canada, until some more efficient indication, on our part, has been given of a desire to reciprocate this policy fully and cordially, and to liberate the people, on both sides, from the present oppressive restrictions. The market to be created, by free access to our citizens, for all the products of Canadian industry, is duly appreciated by many influential men in all parts of the Provinces. In Upper Canada the chief journals of both political parties are alike in favour of a liberal system of commerce with the United States, although many inequalities and much injustice towards this country now exist in consequence of the adverse and restrictive policy of Canada, adopted since the date of the Treaty.

Former Revenue on Articles made Free by the Treaty.

The amount contributed to our revenue by taxes on Canadian products on articles rendered free by the Treaty was, during the previous year, nearly 1,300,000 dollars, while the amount contributed to the Canadian revenue on the corresponding articles was less than 200,000 dollars.*

Value of Canadian Productions increased 20 per cent. by the Treaty.

Here the special operation of the laws of political economy is worthy of note. Superficially, it is said that the markets of Europe regulate for agricultural productions the markets of this continent, and that the duty remitted on Canadian products was a saving to the pockets of our people; but the products of Canada and our relative position and requirements are such that the United States possess, to some extent, a monopoly of the Canadian market as purchasers of the products of the field. For cattle, sheep, swine, the coarse grains, and certain kinds of lumber, we constitute for Canada the only market worthy of naming; and the wheat of Canada, from its peculiar adaptation to our uses, was largely sold to us before the Treaty. Of the large amount of wheat received at Toronto, the metropolis of Upper Canada, in 1859—the last year of which we possess any authentic statistics on the subject, which have been published—only 2 per cent. were sent via the St. Lawrence; the rest having been received at Oswego and other American ports;† and that the duties (of 20 per cent.) were, in effect, paid by the Canadians prior to the Treaty is incontrovertibly established by the Report of the Select Committee on Commerce, appointed by the Legislative Assembly of Canada in 1858, testifying that the effect of the repeal of discriminating duties on grain imported into Great Britain was "to depreciate the value of all articles grown or produced in Canada 20 per cent. under the value of like articles grown or produced in the United States, and this difference in value continued up to the year 1854 (the year of the Treaty), a period of nearly nine years."

Right of the United States to a just Reciprocity.

The "Reciprocity Treaty" is thus shown to have been productive of extraordinary advantage to Canadian industry, which is chiefly employed in agricultural pursuits. From Canada, as from the newer States of this Union, the chief articles of export are raw products; but a considerable share of the exports naturally made from the United States to Canada consists of the products of manufacturing industry; and it does not admit of any doubt or question that commercial reciprocity, apart from the confusion arising from a conventional and technical construction of the words—actual reciprocity of commerce between the two countries—implies a free and fair exchange on equal terms of all the products of labour in both. In admitting Canada to the commercial advantages she

* As nearly as can be ascertained.—See Report of Canadian Commissioner of Customs.

† See Report of Canadian Commissioners of Public Works, page 7.

would enjoy if she were a State of this Union, we have a right to expect from her in return the same commercial privileges which each State of the Union confers upon the others.

Canadian Minister of Finance officially avows a Policy adverse to Reciprocity with the United States.

It was indeed expected, when the Treaty was made, that Canada would continue to impose moderate duties upon American manufactures; but if at that time she had announced a determination to enact laws especially discriminating against all forms of our industry, except those which are nominated in the bond, the benefits we have conferred upon her would never have been granted, nor can she expect their continuance beyond the time required by the Treaty. Yet this tendency and intention to isolate herself and exclude us, except so far as we may be purchasers of her products, was not only commonly proclaimed by a large party in the province, but was officially avowed by the Canadian Minister of Finance,* and various alterations have been made in the method of levying duties on merchandise of foreign origin for the avowed purpose of checking the trade of New York and Boston.

Canadian Taxation of American Productions in contrast.

The statistics of the Canadian Government show that for the first three years after the Treaty, Canada taxed forty-five times as large an amount of American productions as the United States taxed of Canadian productions. Since that time our exports of manufactures to Canada have diminished. Having deducted from the importations from Canada into this country the articles of iron, hardware, and salt, as they are not produced for exportation in Canada in appreciable quantities, but are evidently of foreign origin, the following is a tabular statement for each fiscal year since the Treaty went into full effect to January 1, 1861:—

	1856.	1857.	1858.	1859.	1860.
	Dollars.	Dollars.	Dollars.	Dollars.	Dollars.
Products of the United States on which duty was paid in Canada	7,981,284	6,203,320	4,524,503	4,197,316	4,425,001
Products of Canada on which duty was paid in the United States	186,370	160,086	119,358	173,478	174,259
Value of American products charged with duty in Canada above that of Canadian products charged with duty in the United States ..	7,844,914	6,043,234	4,405,145	4,023,838	4,250,742

The United States tax Canadian Productions only 40,000 dollars, while American Productions are taxed 1,000,000 dollars annually in Canada.

While we have levied annually since the Treaty only about 40,000 dollars on Canadian productions,† the average amount of duties levied on American productions in Canada has been more than 1,000,000 dollars annually.

If the policy of the United States towards Canada had been founded upon the theory of free imports only, our objections to this state of things would have no weight, but as our intention was to act upon the principle of reciprocity in the common sense of the term, the giving and receiving of equivalents on each side, any intentional adoption of the spirit of isolation or exclusion on either side is a departure from that system of mutual liberality and profit which the Treaty was intended to inaugurate.

Intentions formerly expressed in Canada.

In those Diplomatic positions where official changes are frequent, and where those who are the chief agents in important negotiations are frequently removed to distant spheres of labour, verbal understandings are readily forgotten; but when delay occurred in the negotiations leading to this Treaty, Canada, through the British Minister at Washington, emphatically declared "*the disappointment was the greater, inasmuch as the Canadian Government has always adopted the most liberal commercial policy with respect to the United States, as well in regard to the transit through its canals as in regard to the admission of manufactured goods coming from this country,*" and alleged, upon the official

* See Report, May 1, 1860, pp. 34, 36, and elsewhere.

† The foregoing Table is too favourable to Canada, and includes many articles evidently not of Canadian origin.

authority of the Canadian Government, that if the natural products of Canada should be admitted duty free, that Government would be willing to carry out still further the same liberal commercial policy already pursued towards the manufactures of the United States, adding that, in the event of our refusal, "the Canadian Government and Legislatures are likely forthwith to take certain measures which, both in themselves and their consequences, will effect a considerable change in the commercial intercourse between the Canadas and the United States."

Natural Exchanges of Canada and the United States.

Canada is in many respects like our new North-Western country, her farms and forests yielding a great variety of products, which under a fair system of reciprocity would be exchanged for articles manufactured in the Eastern and older States. So different are the relative circumstances of the two countries, that, under the moderate Canadian Tariff in operation when the Treaty was made, we exported to Canada manufactures to the value of nearly 8,000,000 dollars in one year, while the manufactures of Canada sold to us have never exceeded about 150,000 dollars in value, so far as they can be ascertained. The free admission of the products of Canada is injurious to our farming and lumbering interests, while our manufacturers, shippers, and merchants are attacked by the unjust and restrictive laws of that Province.*

Unfair system of Canadian Tolls discriminating against the United States.

Under the stipulations of the Treaty, Canada granted the use of her canals to American vessels on the same terms as those enjoyed by British vessels. The Welland Canal, connecting Lakes Erie and Ontario, is extensively used by American shipping. Under an enactment of 1860, if vessels and goods having paid toll on the Welland Canal enter the St. Lawrence Canals or any Canadian port, all except 10 per cent. of the Welland charges is refunded; thus creating a discrimination of 90 per cent. against vessels going to American ports, besides a free passage through the Canals of the Galops, Point Iroquois, Rapid Flat, Favian's Point, Cornwall, Beauharnois, and Lachine—a discrimination against the forwarders and millers of Rochester, Oswego, and Ogdensburg, the carrying systems of New York, and the shippers and merchants of that port. In the same way, vessels from Canadian ports on Lake Ontario or the St. Lawrence are charged only one-tenth of the Welland tolls exacted if they pass from American ports.

These enactments are evidently inconsistent with our just expectations. They clearly discriminate in favour of the route via the St. Lawrence, and against the great carrying systems of the United States. By thus throwing off a large amount of its revenue, and at the same time unnecessarily assuming large debts already incurred by municipal incorporations for a similar purpose, the Canadian Government has lost all claim to the plea frequently urged on its behalf, of financial necessity, as a reason for its high tariffs on American manufactures.

The late Governor-General of Canada represents Discriminating Tolls as a Free Trade Movement.

Although the policy of Canada in reference to her canals is thus plainly restrictive and adverse to American shipping and ports, Sir Edmund Head, lately the Governor of the Province, in a despatch to the Secretary of State for the Colonies of Great Britain, dated July 26, 1860, represented these discriminating measures, subversive of the intentions of the Treaty, as steps towards greater freedom of trade.

Canadian system of Free Ports.

Canada is also deprived of the plea of insufficient revenue, the excuse usually alleged by the apologists for her adverse Tariff, by having given up the collection of Customs duties in different parts of her territory, throughout lines of frontier extending for some thousands of miles, evidently to the injury of her revenue and our own.

By Proclamation dated November 30, 1860, and published in the "Canadian Gazette," it was officially declared, in pursuance of an Act of the Provincial Parliament, passed the previous session, that the harbour of Gaspé Basin, in the Gulf of the St. Lawrence, and on the southern side of that river, was constituted a free port, where goods, wares, and merchandize of every description, may be imported either for consumption or exportation, without being liable to any duties of Customs; and the limits of this port were

* See Report of J. D. Colver, 1860, adopted by the Chamber of Commerce at Milwaukee.

practically extended so as to include so much of the promontory on the southern side of the St. Lawrence as is eastward of a line formed by and from the River Nouvelle, in the Bay of Chaleur, to the headwaters of the River Chatte, and thence down that river to the River St. Lawrence—a river which, measuring from its chief headlands, has a sea-coast of about 220 miles; and the privileges thus conferred upon this section of the district of Gaspé are also extended to the Magdalen Islands and the Island of Anticosti, and also to the north shore of the River St. Lawrence from Point des Monts eastward to the eastern limits of Canada, on the coast of Labrador, including an additional line of sea-coast of more than 500 miles,* measuring on the water from the chief headlands; the whole, following the line of indentations on the shore, presenting a sea-coast of 1,200 or 1,500 miles, where goods from all parts of the world can be brought free of Customs duties at the entrance to the River St. Lawrence, and near the other British Provinces and the United States.

It is more important to the United States that by a similar Proclamation another "free port" has been established, under the name of the Port of Sault St. Marie, so as to include practically not only that port itself, but also nearly the whole Canadian coast of Lakes Huron and Superior, beginning at the point of intersection of the principal meridian line with the waters of Lake Huron, extending westerly and northerly along the line of Canada to the westerly boundary of the province, and including the adjacent islands. All goods, wares, and merchandise from any part of the world can be brought into this port, and thence exported or taken to any part of a coast which, by land measurement, commencing from the chief headlands, is not less than 400 miles, and including the islands, is more than 1,000 miles in extent. A wholesale merchant from the North-Western States, or the region of the lakes, may purchase goods in bond in New York, convey them free of duty to Sault St. Marie and the territory fiscally attached to that port, and thence smuggle them into the United States—a process of which the risk of insurance by responsible parties is asserted to be no more than from 5 to 10 per cent., according to the nature of the commodities themselves.

Besides the injury which such a state of things must inflict upon the revenue of the United States, and the great expense of maintaining a sufficient number of officers to check illegal traffic, injuries no less serious will arise from the demoralizing influence of the vast army of smugglers which in a few years will thus be called into existence, and who, both by day and night, will be engaged in a system of continual secret warfare against the laws of the United States.

Fiscal reasons for a Continental System.

A valid reason for a fiscal system which should embrace the whole American Continent, is to be found in the extreme difficulty which must always attend the collection of revenue on both sides of any boundary in the interior, and the comparative ease with which smuggling on the Atlantic coast can be prevented. An army of functionaries, maintained at vast expense, would be needed on both sides of our northern frontier, if, under a system of retaliation, aiming at injury to each other, each nation should endeavour to promote a system by which the revenue of the other will be defrauded of its just dues.

Debt of Canada created in efforts to divert the Trade of the United States.

While it is to be regretted that the Canadian Government, having thought proper to diminish its own revenue in various methods known to be injurious to the revenue and commerce of the United States, should also have relied for its own revenue chiefly upon a Tariff avowedly adverse to the interests of the United States, although many other usual sources of revenue remained untouched, the justice of this complaint becomes yet more clear upon examination of the Report entitled "Canada, 1849 to 1859, by Hon. A. T. Galt, Finance Minister of Canada, 1860," showing that the direct public debt of the province then amounted to 8,884,672l., or 43,001,812 dollars; all of which, except 107,796 dollars, was contracted by making canals and railroads in Canada to compete with American interests, and in fruitless but persistent efforts to divert the trade of the Western States from the natural channels it had already formed.

* The extent of these free ports has been carefully estimated from maps published under the official authority of the Canadian Government; and it is intended, as no accurate measurement can be given, to give too low rather than too exaggerated a statement.

Official Avowal of Discriminating Duties against the Merchants and Carriers of the United States.

Mr. Galt thus explains the change in the method of levying duties so as to divert trade from the ports of the United States:—

"By extending the *ad valorem* principle to all importations, and thereby encouraging and developing the direct trade between Canada and all foreign countries by sea, and so far benefiting the shipping interests of Great Britain—an object which is partly attained through the duties being taken upon the value in the market where last bought—the levy of specific duties for several years had completely diverted the trade of Canada in teas, sugars, &c., to the American markets (our Atlantic cities), and had destroyed a very valuable trade which formerly existed from the St. Lawrence to the lower provinces and West Indies. It was believed that the competition of our canals and railroad systems, via Portland, together with the improvements in the navigation of the Lower St. Lawrence, justified the belief that the supply of Canadian wants might be once more made by sea, and the benefits of this commerce obtained for our own merchants and forwarders. Under this conviction, it was determined by the Government to apply the principle of *ad valorem* duties."

Special Exemptions in favour of the Grand Trunk Railroad.

In pursuance of this discriminating system, it was also provided (see "Consolidated Statutes of Canada," chap. xvii, sec. 24) that the Governor of Canada, by a Departmental Order, might discriminate in favour of particular routes through the United States—a singular violation of the comity or hospitality of the United States in extending unusual facilities not required by any Treaty for the transfer of goods on the Grand Trunk Railroad, via Portland, into Canada.

Value of the St. Lawrence hitherto.

During the debates in Congress on the subject of the Treaty, great stress was laid on the use of the St. Lawrence. One honourable member, expressing only the general expectation of many others, said:—

"The free navigation of the St. Lawrence is only necessary to show us, in the fall of every year, long lines of vessels seeking the Atlantic, through Canada, laden with western produce, and in the spring making their way back with foreign wares, and with the avails of profitable labour for nearly half a year."

Hope seldom told a more flattering tale than on this subject. Sixteen hundred vessels, with an aggregate burden of 400,000 tons, were, so long ago as 1856, employed on our northern "inland seas;" but from the date of the Treaty to 1860, a period of nearly six years, only 40 American vessels, with a burden of no more than 12,550 tons, passed seaward through the St. Lawrence, and less than one-half of them ever returned; while, in 1857 alone, no less than 109 British vessels cleared from Chicago alone, on Lake Michigan—a privilege which they only enjoy by means of the Treaty.

Remembering that the Treaty had no practical effect until 1855, the following Table of the imports and exports into and from Canada, via the St. Lawrence, from 1853 to 1859, inclusive of those years, affords the best data for an accurate comparison of the value of the St. Lawrence, and those routes through the United States through which free transit was granted to Canadian productions by the Treaty. It is compiled from the official Returns published by the Canadian Government.

COMPARATIVE Imports and Exports into and from Canada, by way of the St. Lawrence River, from 1853 to 1860, inclusive.

	Imports.	Goods in transitu for United States.	Exports.
	Dollars.	Dollars.	Dollars.
1853*	19,268,260	1,047,964	15,556,594
1854	21,171,735	495,328	14,709,621
1855	11,494,028	18,014	8,195,500
1856	15,319,361	13,492	11,817,137
1857	14,561,884	183,789	13,756,786
1858	10,795,077	26,916	9,727,413
1859	11,472,754	76,314	8,983,773
1860	13,527,160	21,505	8,400,096

* We find no statistics on this subject previous to 1853.

Since 1855, the first year when freedom of import, export, and transit through the United States was granted to Canada for all her raw products, her people, as is shown by the foregoing Table, chose routes through our territory as most conducive to their own interests; and this diminution of trade via the St. Lawrence has occurred when the aggregate of the imports and exports of Canada, from all sources together, has greatly increased.

The "Reciprocity Treaty" removed many impediments to our use of the St. Lawrence, and the free use by the Canadians of the routes through the territory of the United States.

	Dollars.
In 1854, the year before the Treaty, the value of imports by the St. Lawrence was	21,171,756
Value of exports	12,501,372
Total value of trade	33,673,128
In 1855, the year after the Treaty, the value of imports by the St. Lawrence decreased to	11,494,028
Exports decreased to	6,975,500
Total value of trade	18,469,528

The decrease thus exhibited, so soon as the routes and markets of the United States were opened, was 15,203,600 dollars, and the whole was transferred to our carriers, for in the same time the trade to the United States increased 15,856,624 dollars, or from 24,971,096 to 40,827,720 dollars. In these estimates no notice is taken of heavy differential duties in Great Britain in favour of Colonial timber sent by way of the St. Lawrence, tending to increase the shipments by that route.

The ready access to New York, at all times of the year, alike from southern and northern regions, making it a market for the products of all, gives it insuperable advantages over ports in the St. Lawrence, shut out from all connection with the South except by a route always circuitous, and entirely closed by ice for nearly half the year. Let us at least concur in the belief that a system of free competition will best solve the question, and that the cheapest and safest route is the best for both countries.

Trade of Canada with the United States greater than with all other Countries together.

The natural commercial relations of Canada and the neighbouring States are so great that they may justly be said to arise from geographical necessities; conditions not indeed necessary to existence, but absolutely necessary to the full development of the prosperity of each country. They are amply shown by the statistics of the Canadian Government. Every year since the Treaty, to January 1, 1861, she has sold a larger amount of her productions to us than to all other countries together. The relative value of our markets to Canada is already increased by the removal, in 1860, of very important duties discriminating in favour of Colonial timber in the markets of Great Britain. Timber is a very large item in the exports of Canada, and the effect of the change in the English law must be to increase the sales to the United States.

SUMMARY showing an annual excess of Exportations from Canada to the United States, above those to all other countries together, from December 31, 1854, to January 1, 1861.

Years.	Total Exports from Canada to the United States, Great Britain, and all other countries.	Exports from Canada to the United States.
	Dollars.	Dollars.
1855	28,108,461	20,002,290
1856	32,047,016	20,213,633
1857	27,006,624	14,762,641
1858	23,472,809	13,373,138
1859	23,102,378	13,922,314
1860	34,631,890	20,698,398
Total Exports	168,368,978	97,955,504
Total Exports to the United States	97,955,504	
Amount of Exports from Canada to the United States, above those to all other countries together, for the last six years	70,413,474	

Although our importations into Canada have been made under Legislative restrictions, they yet exceed those from all other countries together, as is shown by the following Table:—

SUMMARY showing an Annual Excess of Importations into Canada from the United States, above those from all other countries together, from December 31, 1854, to January 1, 1861.

Years.					Imports into Canada from the United States and all other countries.	Imports into Canada from the United States.
					Dollars.	Dollars.
1855	..	..	..	..	36,086,169	20,828,676
1856	..	..	..	..	43,584,387	22,704,509
1857	..	..	..	..	39,430,537	20,224,650
1858	..	..	..	..	29,078,527	15,635,565
1859	..	..	..	..	33,555,161	17,592,916
1860	..	..	..	..	34,447,935	17,273,029
Total Imports					215,982,776	114,259,345
Imports from the United States ..					114,259,345	
Imports from all other countries ..					101,723,431	
Imports from the United States, above those from all other countries together, for the last six years					12,535,914	

Natural Results of the Treaty and its Abrogation.

A great and mutually beneficial increase in our commerce with Canada was the natural and primary result of the Treaty. Many causes of irritation were removed, and a large accession to our trade was acquired, through the Treaty, with the Maritime Provinces.* Arguments founded upon the results of the Treaty, as a whole, with the various Provinces, have a valid and incontrovertible application against the unconditional and complete abrogation of the Treaty, so far as it refers to Provinces against which no complaint is made. The isolated and disconnected condition of the various Governments of these Provinces toward each other, and the absence of their real responsibility to any common centre, are little understood. No fault is found with the acts of Newfoundland, Prince Edward's Island, Nova Scotia, and New Brunswick. These separate Provinces and that of Canada have each a separate Tariff and Legislature, and neither of them is accountable to or for any other. An abrogation of the Treaty, as a whole, would therefore be a breach of good faith towards the other Provinces, even if it were expedient to adopt such a course towards Canada, but no advantages gained by the Treaty with the Maritime Provinces can be admitted as offsets in favour of Canada. Each Province made its own bargain, and gave and received its separate equivalents.

Exports and Imports between Canada and the United States.

The following presents a comparative view of all the imports and exports to and from the United States and Canada from December 31, 1849, to January 1, 1861:—

* See Appendix, Nos. 1 and 2.

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	1890.	1901.	1911.	1922.	1933.	1934.	1935.	1936.	1937.	1938.	1939.
Imports into Canada.	Dollars.	Dollars.	Dollars.	Dollars.	Dollars.	Dollars.	Dollars.	Dollars.	Dollars.	Dollars.	Dollars.
Imports into the United States.	6,694,880	8,385,765	8,477,683	11,723,147	20,828,676	15,833,097	22,784,440	22,784,440	20,324,639	15,833,097	17,373,029
Imports into the United States.	4,951,159	4,071,544	6,384,421	9,936,332	16,737,779	8,649,492	16,737,779	17,979,735	15,296,438	11,830,945	16,457,098
Excess of Imports into Canada	1,643,721	4,394,221	2,193,172	2,846,765	6,884,003	6,884,003	4,794,756	4,794,756	7,018,214	3,703,471	3,674,699
Other Imports in the United States*	992,063	945,333	1,261,632	1,789,073	3,565,013	1,769,240	2,336,006	2,336,006	1,566,203	1,646,663	2,279,436
Estimated excess of Imports into Canada from the United States	681,618	3,448,888	931,540	1,056,692	3,318,990	5,114,763	2,458,750	2,458,750	5,452,011	2,056,808	1,415,263

These amounts are named in the statistics published under the sanction of the Canadian Government as returned but reported at inland ports in Canada, and it may be inferred were chiefly sent to the United States.

The following Table shows the imports and exports between Canada and the United States, of articles free under the Treaty to January 1, 1861:—

	1854.	1855.	1857.	1858.	1859.	1860.	Totals.
Imports into the United States from Canada	Dollars. 16,676,080	Dollars. 17,810,864	Dollars. 17,812,808	Dollars. 11,514,364	Dollars. 13,899,070	Dollars. 50,864,879	Dollars. 94,988,540
Imports into Canada from the United States	7,739,541	7,909,354	8,648,080	5,544,615	7,104,116	7,069,889	44,917,595
Excess of Imports free under the Treaty in favour of Canada	8,936,539	9,901,510	9,170,728	5,969,749	6,794,954	13,794,990	50,070,945

Continued increase in Canadian Tariffs since the Treaty, and their injurious effect on our Northern Frontier.

During this unequal condition of trade few complaints were made until the Canadian Tariff of 1859 was enacted. Until that time when a Tariff against American manufactures reached its maximum, Canada had increased her Tariff every year since the Treaty, as will be seen by the following sketch of the Canadian tariff from 1855, the year when the Treaty went into effect:—

Articles.	1855.	1856.	1857.	1858.	1859.
	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.
Molasses	18	11	11	18	30
Sugar, refined	32	26	25	26½	40
Sugar, other	27½	20	17½	21	30
Boots and shoes	12½	14½	20	21	25
Harness	19½	17	20	21	25
Cotton goods	12½	13½	15	15	20
Iron goods	12½	18½	15	16	20
Silk goods	12½	13½	15	17	20
Wool goods	12½	14	15	15	20

The duties now levied in Canada on many of our manufactures—such as boots and shoes, harness and saddlery, wearing apparel, &c.—are 100 per cent. heavier than in 1854, when the Treaty was signed; and on nearly all our other manufactures, such as woollens, cottons, leather, hats, household furniture, hand-bills, glass, agricultural implements, edge tools, fire-arms, carriages, nails and other hardware, India-rubber goods, manufactures of brass, copper, lead, tin, &c., and almost all our other manufactures, it has been increased 62½ per cent. The injury thus inflicted upon our people is avowed by the Hon. A. T. Galt, the Financial Minister of Canada, to be “no subject of regret to the Canadian Government.” The Tariff of which Mr. Galt speaks with so much complacency extinguished the trade of our frontier cities with Canada in their own manufactures. Many manufacturing establishments on our side dismissed their workmen and were closed, and many were removed to Canada in order to avoid the payment of duty on their productions.

It can create no surprise that much indignation was excited, without exception, in all those cities on the Canadian frontier which are daily and hourly witnesses of the one-sided nature of our dealings with Canada in the products of American labour. Some ports of Buffalo, for instance, are scarcely half a mile from the Canadian shore. Fort Porter, until lately unoccupied on this side, and Fort Erie in ruins on the other, attest the long cessation of warlike aggression on both sides; but the natural benefits of peace do not exist. Under the full operation of these causes Buffalo would be the commercial and manufacturing metropolis of a large region in Canada, greatly for the common good; with a view to this natural advantage she advocated the enactment of this Treaty. She expended large sums of money on a railroad extending across Canada from Niagara River to Lake Huron, and has been ready to assist in constructing a bridge over the river. Many of her citizens, and those of Rochester also, have been compelled by the Canadian Tariffs to leave their homes and remove their families to Canada. The daily and hourly view of a country close to their own doors, and into which their manufactures and goods are almost forbidden to enter, although the chief products of that country are admitted free of duty, under the name and disguise of “reciprocity,” into all ports of the United States, must be a cause of frequent irritation to the citizens of Buffalo, and in the early periods of this discussion such projects of a retaliatory policy naturally arose as from other points of view seem less likely than more moderate counsels to accomplish the desired object.

Remonstrances from Boards of Trade in Canada West.

The origin of the tariff, tolls, and discriminating duties of which the people of our Northern States complain is not with their neighbours of the Upper Province, who have always opposed this legislation, but with those of the Lower Province, who have

endeavoured, in violation of the laws of trade, to force the trade of Canada West and of the Western States to Montreal and Quebec, instead of allowing New York and Boston to compete on equal terms with the ports on the St. Lawrence. As the chief exports of Canada to the United States are made from the Upper Province, to stop the importation of these productions into the United States would injure most that section of Canada against which no complaint has been made.

The chief cities of Canada West, through their Boards of Trade, presented petitions against the objectionable Tariff, of which the following is an example:—

"Your petitioners are of opinion that so uncalled-for and unwise a scheme is calculated to affect the existing pleasant commercial relationship between Canada and the United States in the working of the Reciprocity Treaty, the great advantage of which to this province is well known to your Honourable House, inasmuch as the proposed policy of the Inspector-General practically shuts the door to the admission into Canada of the leading articles of commerce hitherto purchased in the great markets of the United States, and forcing Upper Canada to import *via* the St. Lawrence, or otherwise pay an enormous increase of duty."

Retaliation considered.

Commercial retaliation is justified by the highest authorities and precedents, but only when it is the best course towards the desired end. It is not always the shortest or safest road to our objects. As in a war of arms, so also in a war of legislation, the influence of reason is diminished. Passion and prejudice are excited, and often, in pursuit of a temporary and doubtful gratification, we commit lasting and incurable evils. It may turn friends into enemies, and strengthen our opponents. As in the common business of life, and in reference to conflicts of any kind, so also on this occasion, some effort at negotiation should be made before recourse is had to hostilities. A friendly feeling assists negotiation, and in this case more than half the permanent value of victory is in the sentiment of concord, if for no other reason than that moral forces have great material power. Besides, there is difference of opinion among ourselves as to the justice of retaliation, but from one end of our frontier to the other there is practically no difference of opinion as to the object to be gained for the mutual benefit of Canada and ourselves—a reciprocity of commerce, not only in name, but in substance, giving neither party the vantage ground.*

Legislation should promote substantial Reciprocity.

The adoption of this policy on both sides would at once put an end to many causes of expense and irritation. The material barriers which have divided the people of the British provinces from those of the United States have already been practically removed by the increase of neighbouring settlements and the progress of modern methods of intercourse by means of steam and electricity. In the power of these agents we have a guarantee for the indestructibility of the beneficent civilization we desire to establish; and from their agency seconded and advanced in mutual alliance by the power of the printing press, arises from one end of the northern frontier to the other an universal knowledge of the advantages to be gained in both countries by a removal of the legislative barriers to our commercial and social intercourse with the provinces, in pursuance of a settled policy, based upon a just regard to their interests and rights. Let practical legislation secure the beneficent results of this wisdom.

Prevalent Opinions throughout the Northern Frontier of the United States.

In Minnesota and Dakota, where a knowledge of the climate and fertility of the British North-Western Possessions prevails, a strong and uniform feeling as to the value of this commerce exists. At Milwaukee the Chamber of Commerce reported in favour of reciprocity, but stated its inability to discover any fair or equitable equivalents for the present advantages given by us to Canada. Chicago, conscious that, by the interposition of the great chain of lakes stretching northward from her through seven degrees of latitude, she is the "inevitable gateway to and from the British possessions in the No. 'n.-West," and that, being within striking distance of the navigable waters falling into the Gulf of Mexico, and having both railway and water-communication with it, she will collect within her storehouses the products of every zone, as the great commercial metropolis between the North and South, the East and West,† "demands even a much more liberal Reciprocity Treaty." Detroit, of which the neighbouring region of Canada is naturally a suburb or a

* See Report of Detroit Board of Trade.

† Report of the Board of Trade at Chicago.

part, finds that the sale of her manufactures and goods of foreign origin is almost prohibited in Canada, while the winter wheat and other products of her State meet those of Canada in Eastern markets free of duty. Her Board of Trade expressed its preference of a cessation of intercourse with Canada to the present system, but is in favour of a fair and equal reciprocity. Cleveland desires a complete and harmonious development of the resources of each country. Buffalo and Rochester see, in their proximity to the coal of Pennsylvania, and the absence of this valuable mineral in the geological formations of Canada West, and, in other causes, an inexhaustible source of mutually profitable commerce between themselves and Canada, but cannot deem that system reciprocally free which admits the products of the province free of duty, but closes American manufactories, and removes them to a foreign country. At Oswego the Board of Trade declared itself in favour of a Zollverein. Ogdensburg, ever liberal towards Canada, finds itself, like the other frontier cities, permitted to buy from, but prevented from selling to, that province. The interests of Maine, necessarily, from her geographical projection into the territory of the provinces, tend strongly towards commercial unity with the provinces. No State is more interested than Massachusetts, whose manufacturing industry would thus become free throughout the entire North. The conclusion at which the people of the frontier have thus unanimously arrived has not been reached at any moment of passing excitement. It is the deliberate opinion of practical men, whose daily interests are involved in the question, who perceive that the attainment of the objects at which they aim may be retarded, but cannot be prevented, and who ask of the Statesmen of their country to cast the sentiment of the frontier into a useful and permanent form, by the removal of restrictive laws, and by opening such channels of trade as, beginning at the frontier, will enrich the interior of their various States, concentrating wealth and commerce at our seaports, increasing our shipping, and adding materially to our national resources.

Our Mutual Interests.

The British possessions on this continent have a population nearly equal in number to that of our Union at the time of its origin, and nearly twice as large as that of the seven originally Seceding States. Sprung from the two great rival nations of the Old World, their people so closely resemble our own that they mingle with us unobserved, and almost without distinction, in our daily thoroughfares, wondering, it may be, why they and their vast country, close to our own doors, should have less importance, as may superficially appear, in the estimation of the United States, than has been awarded to the small and remote Island of Japan and its oriental inhabitants, on whom we have lavished large sums for luxurious entertainments and costly Embassies.

It is computed that Canada alone, if her past and present rate of increase is continued, will have 20,000,000 of inhabitants at the end of this present century, numerically exceeding the population of Great Britain when this century began.

Adding our own territories to those of Great Britain on this continent, we find that instead of discussing only the interests of a few frontier cities, our attention is directed to the commercial relations of one-eighth of the habitable surface of the world. There is no part of the globe where greater natural advantages await the use of civilized man.

Such are the physical proportions of the subject, but the political ideas and moral agencies which public opinion desires to apply to it are yet more comprehensive, sublime, and perpetual. It seeks a unity, "not of Governments, but of people." It desires to extend to the provinces and ourselves the same system of mutual and material benefits which has been found so beneficial to the various States of this Union. It is the system by which the present enlightened Rulers of England and France are endeavouring to reverse the political estrangement of "those two great nations whose conflicts have often shaken the world, by undoing for their purpose that which their forefathers did for a different purpose, and pursuing, with equal consistency, an end that is more beneficial."*

The provinces may be said to be foreign countries, but each of them is less distant from the United States than many of our own States are from each other; and while Providence has thus made us neighbours, and by the indentations of our respective territories has rendered mutual rights of transit almost necessary to both, it has also given to us, as Northern and Southern nations, so great a variety of climate and productions as to render us capable of conferring upon each other such benefits as we cannot estimate too highly. The timber, wheat, and other grains, water-power, and fisheries of the provinces, furnish abundant material of beneficial exchange for the corn, cotton, tobacco, coffee, sugar, fruits, and mineral wealth of the more Southern portions of this continent.

With full development of these material interests, social relations and the beneficial

* See the memorable speech of Mr. Gladstone, Chancellor of the British Exchequer, February 10, 1860.

interchange of ideas will increase. It was an object worthy of European statesmen, and honourable to our common nature, to eclipse the glories of former history by endeavouring to substitute between France and England the realities of peace and those true and mutual interests which, when understood, are always found to be harmonious, for the memories of false glory, and "a policy founded upon war, conquest, expenditure, and patronage." To us a wider and clearer field is open on a new continent. We and the British provinces, young as nations, are comparatively unimpeded by petty interests and hostile traditions. A policy based upon the best and purest foundation will grow with our growth, and strengthen as we become stronger. The traveller on our joint frontier has been accustomed to see our forts in ruins or without garrisons. The standing armies of Europe are computed to include more than 3,000,000 men, withdrawn permanently from productive pursuits. Less than 20,000 men have hitherto sufficed for defence on both sides of our frontier.

In the Old World the enormous evils resulting from the system of isolation, although deplored by all who deserve the name of statesmen, have been continued through mutual ignorance and fear, forming a vast international aggregation of crimes, which all civilized men abhor in detail and among individuals; for war, when it is the habitual condition of mankind, bequeathing legacies of hatred and revenge from one generation to another, is not only demoralization and death to multitudes of men, but brings with it degradation, misery, and vice to women and children. It is adverse to those social and domestic ties by which all real civilization is connected.

If the treasure and lives of men wasted by mutual destruction in Europe, since the discovery of America, had been spent in a war upon the wilderness we are considering, instead of a war upon mankind, many other new and prosperous States would now have existed upon this continent. The annual expense of Government in Great Britain alone, with a population of nearly the same number as that of the United States, is more than 350,000,000 dollars. Taking only one item from the vast European and Asiatic aggregate of military expenditure, and applying it to a subject which has frequently engaged the attention of the American people, it is computed, upon medium estimates, that the amount now remaining as the national debt of Great Britain alone, would suffice to construct fifty railroads from the cities of the Western States to the Pacific Ocean.

It is not utopian to believe that the world may be better governed than it has been heretofore, or that nations, for the purposes of peaceful policy, should avail themselves of the new discoveries and material agencies known and useful to individuals in common daily life.

Free intercommunication and the great material interests of our continent are, under a wise guidance, the true medium for its government. Instead of garrisons and armies, our policy should be to substitute those mutual interests and quiet forces by means of which each individual, even when he seeks only his own personal welfare, is, perhaps unconsciously, subserving the great decrees of Providence.

The Zollverein, or German Commercial Union—its Origin, Success, Extension, Character, and Tendencies.

By adopting the principles embodied in the Zollverein, or Prussian Confederacy of the German States, we and the British Possessions can obtain all the commercial advantages of union without political entanglement, leaving each country free to practise in its own self-government such rules as it believes to be most in accordance with the genius of its people, and best adapted to promote its own interests.

The principle of the Zollverein, Toll-Alliance, or Customs' Union, is an uniformity among its component States as to IMPORTS, EXPORTS, and TRANSIT.

It allows and encourages among its members as complete freedom of communication and exchange as exists between different countries of the same State, or between different States of the American Union, and commends itself to the approbation of all who comprehend the spirit of the age. It facilitates the collection of revenue, by collecting only on the frontier of its Confederated States. The payment of duties in one of the States is sufficient to procure a free sale or transit in each other, and the revenue was originally divided among its members in proportion to the number of their respective inhabitants.

In the United Kingdom of Great Britain and Ireland the Custom-house laws which formerly separated Scotland and Ireland from England have been superseded by a general system of taxation applicable to the whole. In France, local barriers have given way to a general system of taxation. These two Empires have now entered upon a system of legislation for their mutual benefit; but the Zollverein itself arose in Germany.

The wisdom of its founders is demonstrated by the great test of time. No material

alteration has been made in the principles, or even in the details, of the laws established at its origin. Many additional States have voluntarily become members of its Union.

It began in 1818—forty-four years ago—when Prussia formed a Commercial Union with a few minor States. The alliance arose from no hostility to other Powers, but from a desire to get rid of those obstacles to intercourse which separate fiscal laws created among people whom natural feelings and commercial interests would otherwise connect more intimately together. The Prussian Tariff of 1818 was adopted.

In 1834 the experience of its benefits had given strength to its influence. Statesmen perceived that Prussia had, by her liberal policy, conferred upon Germany advantages second only to those she had initiated by the diffusion of education and intelligence. At that time the Zollverein was joined by other States, and thenceforward included Prussia, Bavaria, Saxony, Wurtemberg, the Grand Duchy of Baden, the Electorate, and also the Grand Duchy of Hesse, and the Thuringian Association; representing, in all, a population of 26,000,000. It was regarded by philosophic minds throughout Europe as having brought many liberal and patriotic ideas out of the realms of hope and fancy into those of positive and material interests.

The political consequences which must arise from it did not escape the notice of its founders. They pursued no aggressive policy, but could not avoid the knowledge that it tended to lessen the hostility of differently constituted Governments, and that a powerful political alliance would arise upon the basis of pecuniary interests and intimate social intercourse.

It effected so great a saving in the collection of revenue that in three years—from 1834 to 1836—the expenses of the fiscal establishments were reduced from 18,000,000 dollars to 14,500,000 dollars. Advantageous to all, this result was especially beneficial to the smaller States, whose revenue service, like that of Canada, was spread along extensive frontiers, and absorbed a large proportion of their income.

Owing to increased prosperity, and the consequently increased consumption of tax-paying articles, the revenue of Prussia rose from 18'8 silver groschen per head in 1834, to 23'4 in 1838.

The saving in the expense of collection, the increased prosperity of our people, and the additional demand for foreign goods consequent upon it, would afford a basis for a friendly and satisfactory arrangement with European Powers, so far as they might be affected by the adoption of a policy which could not fail to be beneficial to the Provinces and the United States.

The laws of the Zollverein provide for the means of mutual investigation, so as to insure accurate returns of revenue from each place of collection. They contemplate the extension of its operations to other States, and provide for retaliation where commercial restrictions adverse to it are adopted.

Its influence has continued to spread more and more widely. On September 7, 1851, a Treaty was made with a rival Association, called the *Steuerein*, and consisting of Hanover, Oldenburg, and Brunswick, by which, from the 1st of January, 1854, both were included in one revenue system—the *Zollverein*—thus extending its operation to 36,000,000 of Germans; and a Treaty for limited reciprocal trade has been made with Austria, to last for twelve years from February 19, 1853. It is believed by many that this Treaty will lead to the actual consolidation of the whole Germanic race now existing in Europe.

Reasons for adopting a similar System.

At the present period of history, assuming that the popular sentiment of the Canadian people is Monarchical, and not Republican or Democratic, the benefits of reciprocal trade can only be enjoyed by the United States and the British North American Possessions under a system resembling that of the Zollverein. It might include other regulations necessary for the freedom and convenience of our commercial and social intercourse, such as an uniform system of light-houses, copyrights, postage, patents, telegraphs, weights, measures, and coinage.

Neither country is ready to adopt the plan of collecting a revenue entirely by direct taxation. Duties on imports are at present necessary for the government of each.

It is desirable that the principle of reciprocity should be extended to manufactures as well as to the products of the field and forest; but to do this fairly there must be an uniformity of duties on the materials forming the component parts of the articles manufactured. If of two manufacturers, one purchases his material free of duty, and the materials used by the other are subject to a high duty, there is no equal competition. The same is true of every consideration affecting the price of labour; hence an identity of Tariffs is necessary.

The ease with which revenue can be collected on the Atlantic frontier, and the difficulties which attend its collection in the interior of the Continent, and the neighbourhood of countries commercially hostile, have already been indicated.

Nor can the natural, geographical, and other advantages of our respective countries, in their several parts, be developed upon a proper Continental plan, unless a system of free purchase and sale is extended through all their parts, in reference to productions of foreign as well as of domestic origin. There is a great difference between a bonded system and a system of perfect freedom, as to exports and imports. The annoyances, vexations, and delays necessarily attached to any bonded system are often sufficient, in this day of easy communication, to turn away business from its natural and best centre. It is also to be remembered that hitherto the Government of the United States has not thought it expedient to refund duties on the re-exportation of foreign merchandises in less quantities than the original package, thus creating an obstacle, often amounting to prohibition, to the jobbing and retailing of goods. This is felt every day on our frontier, where it has caused ruin to some merchants and serious loss to many others, while at the same time it injures those who, under a free and natural system, would consult their interests by purchasing the commodities sold by these merchants.

So far as can be ascertained, the whole amount of revenue collected by the United States on the North-Western Lakes, from 1855 to 1859 inclusively, was less by 189,730 dollars than the expenses of collecting it.

A mere identity of Tariffs would not suffice for the exigencies of the case. Philadelphia, New York, Boston, and Portland would frequently receive duties on articles consumed in Canada and the North-Western Possessions; and Montreal and Quebec would frequently receive duties on commodities used in the Western States. Thus the best port might collect nearly all the duties, and the region in which it is situated would have a large income derived from the goods consumed in other parts of the Continent.

To those British Settlements of which the capital of Minnesota is the general emporium for merchantable commodities of every description, this commercial unity is the only system by which connection with Great Britain can long be maintained. For the whole vast and yet almost unoccupied expanse of the North-West, so far exceeding the present provinces in extent, fertility, and the means of supporting human life, and for Canada West, the Zollverein would secure an uninterrupted access to the southern and tropical regions of both American Continents and the adjacent islands, affording markets for the products of their labour, and contributing to their social and domestic comforts. It would give them in their several regions a free choice between the Mississippi, the Hudson, the St. Lawrence, and the various systems of artificial communication in the valleys of these rivers. If compelled by the United States, as a barrier, or by the laws of Lower Canada, to import from Cuba to Toronto, via the St. Lawrence, a distance must be traversed nearly three times as great as if free transit were given and secured through the United States. The increase of 20 per cent. in the value of the agricultural productions of Canada would be continued, and those manufactures for which she is naturally adapted would find a market increased by the addition of the population of the United States.

Relations of Great Britain and the North American Colonies.

As the present so-called "Reciprocity Treaty" was made between the United States and Great Britain, and not with Canada, although it received the approbation of the Government of each Province before it went into effect in that province, the relations of Great Britain and Canada require some consideration.

The progress of self-government in the British Colonies has advanced until the control of Great Britain is little more than nominal. The ancient theory of Colonial Possessions was that Great Britain should control their trade and have the exclusive privilege of supplying them with manufactures, in return for which she was expected to defend them by force of arms upon any and every occasion of real or imaginary wrong. The most simple principles of human intercourse were at variance with these doctrines. The manufacture of the commonest article was treated as a felony in one at least of the former American Colonies of Great Britain; but at the present time the British merchant has not any advantage over those of foreign countries in the Colonies. The tax-payers of Great Britain yet furnish armies and navies for the real or supposed benefit of the Colonies, but receive no benefit in return.

In accordance with the Report of Lord Durham, Governor-General of the Provinces, and a Special Commissioner appointed to inquire into their condition soon after the rebellion of 1837-38, a system of gradual concessions began. In 1846 England abandoned the old colonial system of trade; the "corn laws" were repealed, and most of the

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 productions of Canada were placed on the same footing as those of other countries. In the same year, under Lord John Russell, the principle of colonial self-government was fully admitted. It was a natural result of the withdrawal of special privileges in favour of colonial products. In 1848 the differential duties in the Colonies in favour of British goods were repealed, and in 1849 the privilege of entirely controlling her own trade and her own customs dues was awarded to Canada. From that time the same duty was charged on goods manufactured in Great Britain as on those manufactured in the United States.

When the preferential laws in the British markets in favour of colonial produce were abolished, Canada became increasingly solicitous for the admission of her products into the American markets, and the "Reciprocity Treaty" took effect in 1855.

Proposals of the British Minister, in 1850, for Free Commercial Relations between the United States and the Provinces.

In 1850, when many complaints were made, representing the legislation of Canada as adverse to the Treaty, Lord Napier, then British Minister at Washington, submitted proposals for the "confirmation and expansion of free commercial relations between the United States and the British Provinces."

Differences between the British and Colonial Governments.

In the same year, on the 27th of August, the Canadian Government having urged a law inflicting certain disabilities on our shipping, the Duke of Newcastle, Secretary of the Colonies, on behalf of the Government of Great Britain, transmitted to the Colony an official despatch, of which the following is part:—

"The highest respect for Colonial self-government in domestic matters is not inconsistent with the rule that commercial freedom cannot be maintained by the Imperial Legislature, while systems of exclusion, protection, or retaliation are maintained, or rather recommended, by that of a portion of the empire. I trust that the Canadian Government and Legislature will fully weigh the force of these reasons, and will acknowledge that (all discussion on speculative truth in political economy left aside) the advisers of the Crown in this country could do no less than maintain, as far as in them lies, unity of legislation on this most important subject throughout Her Majesty's dominions.

"An Order in Council disallowing the Bill will be accordingly forwarded to you by an early opportunity.

"Right Hon. Sir E. W. Head,
 &c. &c. &c."

"I have, &c.
 (Signed) "NEWCASTLE."

The tendency of the Tariff enacted by the Canadian Parliament in 1859 having been, as was admitted by Mr. Galt, the Financial Minister of Canada, "somewhat to interfere with the existing close commercial relations between Western Canada and the United States,"* and, as he also stated, to exclude certain articles of American manufacture, "which could be no cause of regret;" and it being subversive of the spirit and intentions of the Treaty for Reciprocity of Trade between the United States and Canada, and likely to produce suspicion as to the liberal commercial policy of Great Britain in the minds of those who do not know how little control she exercises over her Colonies, the course of the Canadian Government excited much attention. Its inconsistency with the avowed policy of the British Empire drew from the Colonial Secretary a remonstrance, on the same grounds as those named in his despatch of August 27, 1859. The nature of this despatch, and of the reply of the Colonial Government to it, were related by the Minister of Finance in the Canadian Parliament, April 17, 1860. He said:—

"The Colonial Secretary took occasion to express views of rather a strong character in reference to the measure to which I allude—the Tariff—and even went so far as to intimate that under certain circumstances, although he did not absolutely state that they existed in regard to this measure, the question of the right of the Colonial Legislature to decide upon its own measures of taxation might come before the Imperial Government, and that Her Majesty might possibly be advised to disallow Acts of this kind. (Hear! hear!) I will read a part of the answer the Government of this country thought it their duty to make to these remarks. (Hear! hear!)

"From expressions used by his Grace in reference to the sanction of the Provincial Customs Act, it would appear that he had even entertained the suggestions of its disallowance; and though happily Her Majesty has not been so advised, yet the question

* See his letter to the Duke of Newcastle, October 25, 1859.

having been thus raised, and the consequences of such a step, if ever adopted, being of the most serious character, it becomes the duty of the Provincial Government distinctly to state what they consider to be the position and rights of the Canadian Legislature. (Hear! hear!) Respect to the Imperial Government must always dictate the desire to satisfy them that the policy of this country is neither hastily nor unwisely formed, and that due regard is had to the interest of the mother country as well as of the province. But the Government of Canada, acting for its Legislature and people, cannot, through those feelings of deference which they owe to the Imperial authorities, in any manner waive or diminish the right of the people of Canada to decide for themselves both as to the mode and extent to which taxation shall be imposed. The Provincial Ministry are at all times ready to afford explanations in regard to the acts of the Legislature to which they are a party, but, subject to their duty and allegiance to Her Majesty, their responsibility in all general questions of policy must be to the Provincial Parliament, by whose confidence they administer the affairs of the country. And in the imposition of taxation, it is so plainly necessary that the Administration and the people should be in accord that the former cannot admit responsibility or require approval beyond that of the Local Legislature. Self-government would be utterly annihilated if the views of the Imperial Government were to be preferred to those of the people of Canada. It is, therefore, the duty of the present Government distinctly to affirm the right of the Canadian Legislature to adjust the taxation of the people in the way they deem best, even if it should unfortunately happen to meet the disapproval of the Imperial Ministry. Her Majesty cannot be advised to disallow such Acts, unless her advisers are prepared to assume the administration of the affairs of the Colony, irrespective of the views of its inhabitants.

"The Provincial Government believes that his Grace must share their own convictions on this important subject, but as serious evil would have resulted had his Grace taken a different course, it is wiser to prevent future complication by distinctly stating the position that must be maintained by every Canadian Administration." (Applause.)

"These, Mr. Chairman, are the views the Government felt it their duty to lay before the Imperial authorities (Hear!), and I am gratified to be able to add that when these papers are read by members of the House, it will be found that on the point on which they objected to the Tariff, they have been obliged to admit that we were in the right, and that any assumed interference with our rights and privileges is not for one moment to be entertained." (Hear! hear!)

So far as can be ascertained, no further correspondence between the Government of Great Britain and the Government of Canada as to the restrictive and adverse policy of the province has been made public; but some other questions having arisen on another subject, the Governor-General of Canada, at the opening of the Canadian Parliament in March 1861, declared it was expedient for that Assembly to "define by statutory enactments of your own the nature and extent of the laws and customs of Parliament as they shall exist in Canada."

The intentions expressed in the words of the "Reciprocity Treaty" made by the United States with Great Britain in 1854 were "to regulate the commerce and navigation between Her Majesty's possessions in North America and the United States in such manner as to render the same reciprocally beneficial and satisfactory." The Financial Minister of Canada carried into practical effect a policy avowedly restrictive and adverse to the interests of the United States. To these efforts the Government of Great Britain, through the Duke of Newcastle, Secretary for the Colonies, objected in terms of force unusual in diplomatic correspondence. The reply of the Canadian Government was a declaration of complete self-control or independence in its financial affairs, and as regards its commercial relations with the United States. It seems that Great Britain, acquiescing in the principle of Colonial self-government, made no further public attempt to regulate the Tariff of Canada, retaining only the power to make Treaties on behalf of the Provinces, while Canada assumes and exercises a right to make laws in opposition to their spirit and intentions, the enactments of the Canadian Government being opposed to the development of those mutual interests which on both sides of our vast and co-terminous frontier contribute no little to the best system of national defence, although it yet relies to a considerable extent for military protection upon the arms and expenditures of a Power whose policy and wishes it disregards.

No Basis of Settlement hitherto offered by the United States.

The Government of the United States has never yet presented to Great Britain, on behalf of the Provinces, any basis or means of negotiation by which the existing causes of complaint on both sides may be removed, and a system established enabling the people

to enjoy all the reciprocal advantages which they and their posterity must be capable of conferring upon each other so long as the relative geographical position of their respective territories remains unchanged, increasing the liberties and rights of each, and strengthening the sense of honourable patriotism by demonstrating its consistency with international goodwill.

Method of Negotiation.

The Committee on Commerce believe, with the Legislature of the State of New York, that "free commercial intercourse between the United States and the British North American Provinces and Possessions, developing the natural, geographical, and other advantages of each for the good of all, is conducive to the present interests of each, and is the proper basis of our intercourse for all time to come;" and that such measures should be adopted as will fully carry into effect the principles announced by the British Minister at Washington, in 1859, "for the confirmation and expansion of free commercial relations between the United States and the British Provinces," and to "regulate the commerce and navigation between Her Majesty's Possessions in North America and the United States in such manner as to render the same reciprocally beneficial and satisfactory," as was intended and expressed by the Treaty made between the United States and Great Britain, and commonly known as the "Reciprocity Treaty."

The Committee on Commerce would, therefore, recommend that three Commissioners be appointed by the President of the United States to confer with persons duly authorized by Great Britain in that behalf, with a view to enlarging the basis of the former Treaty, and for the removal of existing difficulties.

APPENDIX.

In No. 1 of the following Tables the commerce of the United States with Canada and the other Provinces is shown distinctly and apart, inasmuch as no complaint is made against the "Maritime Provinces." In No. 2 a general view is given of the trade with all the Provinces together.

No. 1.

TABLE showing the Exports from the United States to Canada and the other British North American Provinces, and the Imports into the United States from the same places, from 1850 to 1859, inclusive.

Date.	Provinces.	Domestic Exports.	Of foreign Origin.	Total.	Imports.
		Dollars.	Dollars.	Dollars.	Dollars.
1850	Canada	4,641,451	1,289,370	5,930,821	4,225,470
	Other British North American provinces .	3,116,840	501,374	3,618,214	1,358,992
1851	Canada	5,535,834	2,093,306	7,929,140	4,956,471
	Other British North American provinces .	3,224,553	861,230	4,085,783	1,786,651
1852	Canada	4,004,963	2,712,097	6,717,060	4,589,969
	Other British North American provinces .	2,650,134	1,141,822	3,791,956	1,520,330
1853	Canada	4,005,512	3,823,587	7,829,099	5,278,116
	Other British North American provinces .	3,398,575	1,912,968	5,311,543	2,272,602
1854	Canada	10,510,373	6,790,333	17,300,706	6,721,539
	Other British North American provinces .	4,693,771	2,572,383	7,266,154	2,206,021
1855	Canada	9,950,764	8,769,580	18,720,344	12,182,314
	Other British North American provinces .	5,855,878	3,229,798	9,085,676	2,954,420
1856	Canada	15,194,788	5,688,453	20,883,241	17,488,197
	Other British North American provinces .	7,519,909	626,199	8,146,108	3,822,224
1857	Canada	13,024,708	3,550,187	16,574,895	18,296,834
	Other British North American provinces .	6,911,405	776,182	7,687,587	3,532,462
1858	Canada	13,663,465	3,365,789	17,029,254	11,581,571
	Other British North American provinces .	5,975,494	646,979	6,622,473	4,224,943
1859	Canada	13,439,667	5,501,125	18,940,792	14,208,717
	Other British North American provinces .	8,329,360	883,422	9,213,382	5,518,834

No. 2.

Trade between the United States and the British Provinces.

STATEMENT exhibiting the increase in the Exports to, and the Imports from, Canada and other British Possessions in North America, from the 30th day of June, 1851, to the 1st day of July, 1859.

Years ending	Exports.			Imports.	Increase each successive Year over 1852.	
	Foreign.	Domestic.	Total.		Exports.	Imports.
	Dollars.	Dollars.	Dollars.	Dollars.	Dollars.	Dollars.
June 30, 1852 ..	3,853,919	6,655,097	10,509,016	6,110,299		
1853 ..	5,736,555	7,404,087	13,140,642	7,550,718	2 631,626	1,440,419
1854 ..	9,362,716	15,204,144	24,566,860	8,927,560	14,057,844	2,817,261
1855 ..	11,999,378	15,806,642	27,806,020	15,136,734	17,297,004	9,026,435
1856 ..	6,314,652	22,714,697	29,029,349	21,310,421	18,520,333	15,200,122
1857 ..	4,326,369	19,936,113	24,262,482	22,124,296	13,753,466	16,013,997
1858 ..	4,012,768	19,638,959	23,651,727	15,806,519	13,142,711	9,696,220
1859 ..	6,622,473	17,029,254	28,154,174	19,727,551	17,654,158	13,617,252
	52,228,830	124,388,993	181,120,270	116,594,098	97,057,142	67,811,706

No. 3.

TABLES showing in contrast the Customs Revenues of the United States and Canada.*

UNITED STATES CUSTOMS REVENUE.				CANADIAN CUSTOMS REVENUE.			
		Dollars.				Dollars.	
Year ended June 30, 1857 ..	..	63,875,905		Year ending December 31, 1857 ..	..	3,925,051	
" " 1858 ..	..	41,789,621		" " 1858 ..	..	3,381,389	
" " 1859 ..	..	49,565,824		" " 1859 ..	..	4,437,846	
" " 1860 ..	..	53,187,511		" " 1860 ..	..	4,758,465	
Total for four years ..	..	208,418,861		Total for four years ..	..	16,502,751	
Average each year ..	..	52,104,715		Average each year ..	..	4,125,688	

Amount paid yearly by each individual—reckoning the population of the United States as 32,000,000—1 dollar 62 c.

Amount paid yearly by each individual—reckoning the population of Canada as 2,500,000—1 dollar 65½ c.

The amount contributed by each individual in the two countries towards the Customs revenue is almost identical.

In the preceding Tables the period of four years is taken as a proper basis of calculation, the present Tariff of Canada having been in operation about half that period. The intention of those who framed that Tariff having been to exclude American manufactures and increase those of Canada, the Canadian revenue derived from goods of American origin will, under the present system, be gradually diminished.

It is estimated that the saving in the expense of collecting revenue would under a free system be, to both countries together, nearly 500,000 dollars annually; and the profits which under adverse systems would go into the hands of lawless smugglers, would be the honest gain or saving of consumers and legitimate dealers.

As a system of national defence, the economy of this plan can scarcely be estimated.

In 1849 the Hon. William Hamilton Merritt, having been requested by the Governor-General of Canada to bring under the consideration of the United States the condition of the commercial relations between this country and Canada, stated that an extension of the principle of reciprocity to the manufactures of the United States and Canada could be obtained at any future time, if deemed desirable by the United States.

The dissatisfaction with the present Treaty has arisen from its incompleteness. The Committee on Commerce in the House of Representatives, 1853, regarded a limited and partial reciprocity as being reciprocal free trade. Had the reciprocity been actual and perfect, the hope would have been realized which was expressed in the Report presented by the Hon. David L. Seymour, as Chairman of that Committee, in the following words:—

"They confidently present this measure as a system of broad and comprehensive

* The fiscal year of the United States ends on the 30th of June, and that of Canada on the 31st of December in each year.

international trade, mutually beneficial to the commercial interests of both countries. They recommend it as a peaceful method of gathering up and putting to rest for ever many vexed questions and possible future causes of contention between Great Britain and ourselves, while the Colonies, bound to us by a commercial alliance which removes all causes for changing their present political position, as the pulsations of a common social and mercantile vitality beat through our joint body politic, become hostages to insure our permanent peace with Great Britain, and through her with the whole European world."

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No. 4.

STATEMENT exhibiting in contrast the Value of each Class of Imports into each country (the United States and Canada), from the other, of the different Classes of all Articles enumerated in the Treaty, for five years before the Treaty, and to January 1, 1861.

	1850.		1851.		1852.		1853.		1854.		1855.		1856.		1857.		1858.		1859.		1860.	
	Into the United States.	Into Canada.	Into the United States.	Into Canada.	Into the United States.	Into Canada.	Into the United States.	Into Canada.	Into the United States.	Into Canada.	Into the United States.	Into Canada.	Into the United States.	Into Canada.	Into the United States.	Into Canada.	Into the United States.	Into Canada.	Into the United States.	Into Canada.	Into the United States.	Into Canada.
Produce of the mine ...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Produce of the forest ...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Produce of the sea ...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Animals and their produce ...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Agricultural produce ...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Total ...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...

* A considerable addition to the articles imported into the United States from Canada should be made for articles named in the statistics of the Canadian Government as "Exports not reported at inland ports," amounting, for instance, in 1859, to 1,664,000 dollars, and in 1860 to 2,270,450 dollars; nearly all of which were imported into the United States, and were free under the Treaty.

NORTH AMERICA.

No. 10.

Despatch from Lord Lyons respecting the Reciprocity Treaty.

Presented to both Houses of Parliament by Command of Her Majesty. 1892.

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